



Lo-Q plc

March 2011





Lo-Q Presenter

- *Tom Burnet – CEO*
 - Joined Lo-Q in October 2010
 - Formerly MD of Serco's Defence Business and QinetiQ's Consulting Division
 - Significant experience of turnaround and high growth in both small and large organisations
- *Leonard Sim*
 - Our founding director is also in the room...



Lo-Q: Summary

- *Virtual queuing technology*
 - Expertise in hardware and software development
- *World Wide Service Offering*
 - Over 600 staff across 22 parks and 7 countries
- *Established over 10 years ago, part of the industry*
 - Conservative, relationship led industry
- *Focused on the leisure sector*
 - Primarily theme and water parks
- *Recognised as a major revenue creator*
 - Park chains become public/private equity owned
- *Financially sound*
 - Profitable, strong cash, no debt, public accounts
- *Strategic review recently completed*
 - Clear strategy going forward



Q-bot - True Virtual Queuing

- *Generally aimed at up to 15% of park guests*
 - Hand held, reliable, robust, waterproof and low cost
 - Drives increase in revenue for park operators





Our Parks

- *8 operators*
- *20+ theme parks*
- *7 countries*
 - USA (12 parks)
 - Canada
 - UK (3 parks)
 - Spain (2 parks)
 - Italy
 - Australia
 - Germany (2 parks)



Dreamworld
Australia



Mirabilandia
Italy



More Time, Less Wait!

Dollywood
USA



Six Flags
11 Parks
USA, Canada



LEGOLAND®
Windsor UK



Flamingo Land
UK



Lake Compounce
USA



Isla Mágica
Spain



4 New Parks
in 2011





What do we sell them?

- *We deploy a revenue sharing model, often with park and Lo-Q costs deducted before the final split*
- *Contracts vary, not least to reflect who employs the in-park staff, but splits generally in line with industry norms*
- *We take guests out of line and enhance the overall guest experience*
- *Taking guests out of line allows them to enjoy other in-park offerings (food, games) that further enhance the revenue of the operator*



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2010 Results

2010 was 12 month financial period

2009 was a 10 month financial period

**** Pro-forma 12 month figures presented***



2010 Financial Highlights

- *Revenue up 15.9% to £20.30m (2009 12 month pro forma*: £17.51m)*
- *Profit before tax up 18.4% to £2.32m (2009 month pro forma*: £1.96m)*
- *Profit after tax up 20.6% to £1.87m (2009 month pro forma*: £1.55m)*
- *Earnings per share:*
 - **Basic: 11.69p (2009 12 month pro forma*: 9.97p)**
 - **Diluted: 11.23p (2009 12 month pro forma*: 9.40p)**
- *Strong cash position: £6.02m in cash (2009: £4.44m); no debt*



P&L

INCOME STATEMENT

	Actual: 12 Months Ended 31 Oct 10 £000	Pro - Forma: 12 Months Ended 31 Oct 09 £000
Revenue	20,304	17,505
Cost of Sales	(15,262)	(13,352)
GROSS PROFIT	5,042	4,153
Administrative expenses	(2,728)	(2,226)
OPERATING PROFIT	2,313	1,927
Finance costs	(0)	(0)
Finance income	7	31
PROFIT BEFORE TAX	2,321	1,958
Tax	(448)	(403)
PROFIT FOR THE PERIOD	1,873	1,555



Balance Sheet

	31 Oct 10 £000	31 Oct 09 £000
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	1,204	715
Property, plant and equipment	178	64
	<u>1,382</u>	<u>779</u>
CURRENT ASSETS		
Inventories	243	415
Trade and other receivables	830	658
Cash and cash equivalents	6,018	4,439
	<u>7,091</u>	<u>5,511</u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	1,005	699
Tax payable	209	288
	<u>1,214</u>	<u>988</u>
NET CURRENT ASSETS	<u>5,878</u>	<u>4,524</u>
NET ASSETS	<u>7,260</u>	<u>5,303</u>
SHAREHOLDERS' EQUITY		
Called up share capital	162	159
Share premium	5,132	5,052
Capital redemption reserve	12	12
Other reserves	129	87
Retained earnings	1,823	(8)
Total equity	<u>7,260</u>	<u>5,303</u>
TOTAL SHAREHOLDERS' EQUITY	<u>7,260</u>	<u>5,303</u>



Cash Flow

Statement of Cash Flows



	Actual: 12 Months Ended 31 Oct 10 £000	Pro - Forma: 12 Months Ended 31 Oct 09 £000
Net cash from operating activities	2,460	1,840
Net cash used in investing activities	(964)	(361)
Net cash from financing activities	84	57
Increase in cash	1,580	1,536
Cash at beginning of year	4,439	2,903
Cash at end of year	6,018	4,439



Seasonality



SEASONALITY



RESULT BEFORE TAX

CASH INFLOW/ (OUTFLOW)

Actual:
6 Months
Ended
30 Apr 10
£000

Actual:
12 Months
Ended
31 Oct 10
£000

(900)

2,321

(1,573)

1,580



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Result of strategic review



Strategic Review Context

- *The Theme, Amusement, Water Park and Attractions market has undergone significant consolidation over the past 5 -10 years with considerable PE interest and the forming of 10 or so substantial global groups of park owners*
- *During that time the supply chain has not responded to the change and remains very fragmented*
- *The Lo-Q existing customer base represents only about 8% of the world's top ten amusement park corporations in terms of number of attendees*
- *The Lo-Q system is unique in the market and has repeatedly been shown to be more effective than alternative, paper based queuing systems.*



The 5 key strands of our strategy

1. *Continue to focus on the global leisure market, theme amusement and water park, attractions and events*
 - Exploit our technology, service footprint and market position
 - Need to mobilise the 7m + guests of our product by harnessing power of social media
2. *Improve sales execution – both to Park Operators and Guests*
 - There is significant opportunity, we need to execute better
 - Changing process and people – and already getting results with Parks – 3 new park sales confirmed, 1 other park sales discussion and 1 x 3 year extension closed
3. *Put house in order*
 - Finalising Board – new NED hired and Chairman being sought
 - Change of Broker and review of other advisors
 - Review HS&E, HR and Company Secretarial functions
4. *Continue to invest in Product development on three fronts*
 - Q-bot, established market leading product
 - Q-credits, water park product
 - Smart Q, mobile application
5. *M&A*
 - Look for complementary IP
 - Expand our core queuing position into adjacent areas
 - Examples cashless payment systems, PoS, ticketing, photography, dryers



Q-credits

- *Water park product*
 - Choose your ride **AFTER** you wait in the public areas
 - **ALL** guests can avoid standing in line
 - Additional premium options and top-up options
 - Launched at WWA in October 2010
 - Two substantial operational trials planned for Summer 2011
- *Other New Applications*
 - Uniquely useful cashless device
 - Access control





New Technology – SmartQ

- *We are investing in a new product – “SmartQ”, a mobile application that bundles our know how with other emerging mobile technologies i.e.*
 - **Cashless, Access, Ticketing, Payments**
- *We currently have a number of open partnership discussions with global organisations (Event Companies, Telco's) as we seek routes to market and co-investment*



Intellectual Property

- ***Strategy***
 - Protect our unique ideas to build IP value
 - Apply broadly for patents to prevent others interfering
 - Purchase products and IP to broaden protection
 - Strongly leverage IP in all relationships
- ***Q-bot system patents at examination stage***
 - VQ2020 has been in use since Autumn 2006
- ***Patent application for Q-credits system***
 - Q-credits system application published May 2010
- ***Patent acquisition from Palmtop***
 - Additional investment - rights purchased June 2010



Summary and Outlook

- *Established market platform/leading queuing technology*
- *Significant growth opportunities in our existing market*
- *Strategic review complete, direction established*
- *Real momentum now in sales pipeline*
- *Opportunities for M&A and exciting new products with global reach*



For more information visit: www.lo-q.com

Lo-Q plc

*Unit 2, The Pavilions, Ruscombe Park,
Twyford, Berkshire. RG10 9NN*

Tel: +44 (0) 118 934 7400

Lo-Q Inc

*351 Thornton Road, Suite 119,
Lithia Springs, Georgia 30122*

Tel: 678-838-6930



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